

Sto SE & Co. KGaA, Stühlingen

Consolidated interim report from the Management within the first six months of 2014 in accordance with Section 37x of the German Securities Trading Act (WpHG)

At a glance:

- Sto's consolidated turnover rises by 30.7 % to EUR 216.1 million in the first quarter of 2014
- Favourable weather conditions lead to strong growth
- Year-on-year reduction in usual net loss seen in Q1
- Group workforce increases from 4,788 to 4,951 employees
- Change of legal form from Sto AG to Sto SE & Co. KGaA completed at end of March 2014
- Outlook for the 2014 fiscal year unchanged: rise in turnover of around 5 % and EBIT of EUR 90 to 100 million expected

Industry environment

The international construction industry performed well overall in the first months of 2014. In Europe, this was especially helped by favourable weather conditions in addition to economic trends. This also benefited companies in Germany: according to the Federal Statistics Office, overall turnover for the German construction industry increased by 24.4 % to EUR 10.4 billion between the beginning of January and the end of February. Incoming orders in the building construction segment grew by 12.8 %.

Sto's consolidated turnover clearly positive

The favourable weather conditions also had a highly positive effect on business performance at Sto SE & Co, KGaA: consolidated turnover rose by 30.7 % in the first quarter of 2014 compared to the same period in the previous year to reach EUR 216.1 million. The mild winter led to high demand for Sto products, especially in Germany, and business volume grew by 48.4 % to EUR 97.2 million (previous year: This growth was largely driven by facade systems, sales of which had previously been somewhat lower.

Foreign turnover rose by 19.1 % to EUR 118.9 million during the reporting period. Strong growth was experienced by European subsidiaries in particular as a result of favourable weather conditions, while business in America was hampered by the severe winter in some parts of the USA. Turnover in Asia was at about the previous year's level. Foreign turnover in the first three months of 2014 corresponded to a 55.0 % share in consolidated turnover compared to 60.4 % in the same period of the previous year.

The effects of consolidation and exchange factors resulted in an overall conversion effect of EUR -1.3 million. Adjusted for these factors, the growth in consolidated turnover stood at 31.5 %.

Business performance in April 2014 was very sluggish compared to the first quarter.

Improved earnings

Due to the marked seasonality of the facade business, Sto does not generally make a profit in the first few months of the fiscal year. While this was also the case in the first quarter of 2014, the net loss was lower compared to the same period of the previous year thanks to a sharp increase in business volume.

Higher investments

Sto invested EUR 5.4 million across the Group exclusively in property, plant and equipment and intangible assets between January and March 2014 (previous year: EUR 3.3 million). In addition to investments in the additional factory in France, focus was also placed on extensive measures to improve efficiency in StoVerotec production lines. Alongside this, initial investments were also made for the construction of the new office building at the Stühlingen site.

Financial position remains sound

The Sto Group's financial position was still on a very solid footing as at the end of March 2014. Changes to individual balance sheet items compared to year-end 2013 were standard and were, for the most part, a reflection of the standard business trend in the first quarter.

Growth in workforce

4,951 people were employed by the Sto Group worldwide as at 31 March 2014 compared to 4,788 on the same day of the previous year (+3.4 %). We mainly expanded our workforce in growth markets. Overall, the foreign workforce increased by 134 to 2,367 employees (+6.0 %). The number of employees in Germany rose moderately from 2,555 to 2,584 (+1.1 %). The share of international employees in the Group workforce amounted to 47.8 % (previous year: 46.6 %).

Change of legal form from Sto AG to Sto SE & Co. KGaA complete

Since its entry in the commercial register on 26 March 2014, the former Sto Aktiengesellschaft has been trading under the name Sto SE & Co. KGaA. The conversion was made possible after the legal dispute concerning the validity of Sto Aktiengesellschaft's AGM resolution dated 12 June 2013 regarding said change of legal form was settled.

Outlook for the 2014 fiscal year unchanged

The rise in turnover achieved in the first quarter of 2014 thanks to favourable weather conditions is not representative of the entire year, as the comparable 2013 level was very low due to poor weather conditions. As previously announced, normalisation is therefore anticipated over the course of the year. Sto expects a rise in consolidated turnover for the 2014 fiscal year of approximately 5 % to around EUR 1,225 million, although economic conditions will likely remain difficult in numerous countries. Based on current information, EBIT will reach EUR 90 to 100 million (previous year: EUR 99.9 million). Financial performance will be strained by expected factors such as a significant increase in personnel costs and rising material costs, particularly for specialty chemicals and petroleum-based products.

Stühlingen, May 2014
The Executive Board

Key figures (in EUR million)

Sto Group (IFRS)	Q1 2013	Q1 2014	Difference
Turnover	165.3	216.1	30.7 %
- in Germany	65.5	97.2	48.4 %
- in other countries	99.8	118.9	19.1 %
Investments (excl. financial assets)	3.3	5.4	63.6 %
No. of employees as at 31/03	4,788	4,951	3.4 %
- in Germany	2,555	2,584	1.1 %
- in other countries	2,233	2,367	6.0 %